

Message Text

SECRET

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TO USCINCEUR

S E C R E T STATE 085910

EXDIS

FOLLOWING SENT ACTION TO SECSTATE MAY 7, 1973 FROM KUWAIT
REPEATED TO YOU:

QUOTE S E C R E T KUWAIT 1526

EXDIS

DEPT PASS SECDEF FOR ACTION/ PASS JCS, CNO, DA,
USCINCEUR FOR INFO

E. O. 11652: GDS

TAGS: MASS, KU

SUBJECT: MILITARY SALES TO KUWAIT

REF: (A) KUWAIT 1473 (B) KUWAIT 1486 (C) KUWAIT 1488

SUMMARY: IN CONVERSATIONS WITH DMINDEF SHAIKH SAAD
AND OTHER GOK OFFICIALS IT HAS BECOME APPARENT THAT
GOK INTENDS PURCHASE VIRTUALLY ALL ITEMS DISCUSSED WITH
US MILITARY TEAM (USMT). MOST URGENT REQUIREMENT
IS FOR F-8 H AIRCRAFT, BUT CERTAIN DETAILS REMAIN
TO BE WORKED OUT. BELIEVE FMS/ COMPANY TEAM SHOULD
BE SENT TO FINALIZE F-8 H AND OTHER PACKAGES ASAP.
END SUMMARY.

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1. IT IS CLEAR NOW THAT AFTER SERIES HIGH LEVEL MEETINGS WITHIN GOK DURING PAST WEEK, GOK HAS DECIDED TO ACCEPT US OFFER 32 F-8 H AIRCRAFT PLUS SPARES, MAINTENANCE, TRAINING ETC., AND WILL ACCEPT ALL OR MOST OF THE OTHER MILITARY EQUIPMENT AND SERVICES CONTAINED IN LETTERS OF OFFER AND MOU PREPARED BY DOD TEAM.

2. IN ECONOFF BOGOSIAN' S AND MY MEETING WITH MINDEF SAAD AND COL. SAYEGH MAY 5, MINDEF CONFIRMED GOK INTENDS PURCHASE THE F-8 AIRCRAFT. IN REVIEWING THE LETTER OF OFFER ON AIRCRAFT, HOWEVER, MINDEF SAID L/ O DOES NOT COVER ALL ACCESSORIES, ARMAMENT, ETC. THAT KUWAITI AIRFORCE NEEDS AND REFLECTS ONLY ESTIMATED, NOT FINAL COSTS. MINDEF SAID HW WOULD NEED FINAL COSTS SOONEST TO SUBMIT TO MINFINANCE AND COUNCIL OF MINISTERS. WE TRIED EXPLAIN

2. TWO STAR PERFORMERS AT MEETING WERE DR. MARCUS WALLENBERG, HEAD OF VAST WALLENBERG INTERESTS, AND PEHR GYLLENHAMMAR OF VOLVO. WALLENBERG DIRECTED STRONG CRITICISM AGAINST GOVERNMENT' S ECONOMIC AND SOCIAL POLICIES, ACCUSING GOVERNMENT OF DELIBERATELY FORCING SMALL LOW- WAGE COMPANIES TO FAIL WITH HOPE THAT LARGE HIGH- WAGE FIRMS WOULD SOAK UP RESULTING UNEMPLOYED LABOR. HE STRESSED THAT ONLY RESTORED DYNAMISM IN SWEDEN' S ECONOMY WOULD ENABLE IT TO REGAIN ITS PLACE AMONG NATIONS WHOSE EMPLOYMENT IS NOT DIMINISHING. HE ATTRIBUTED DIFFICULTY OF ACHIEVING BALANCED EXPANSION OF SWEDEN' S ECONOMY TO FACT THAT PUBLIC EXPENDITURE HAS RISEN AT MUCH FASTER RATE THAN GROWTH OF GNP AND TO FACT THAT DEPOSITS IN NATIONAL PENSION FUND ENTAIL " FORM OF FORCED SAVINGS." DR. WALLENBERG ALSO EMPHASIZED THAT SWEDEN NOW NEEDS A " REALISTIC" WAGE POLICY, A LIGHTENING OF TAX BURDEN FOR BOTH INDIVIDUALS AND FIRMS, AND LESS GOVERNMENT INTERVENTION IN BUSINESS ENTERPRISE.

3. GYLLENHAMMAR WAS LESS CRITICAL OF GOVERNMENT POLICY, ADDRESSING MUCH OF HIS TALK TO PROBLEMS OF WORKING CONDITIONS IN INDUSTRY. HE STRESSED THAT ENTHUSIASM FOR INDUSTRIAL WORK MUST BE REVIVED IF INDUSTRY IS TO GET FULL PERFORMANCE FROM ITS WORKERS. HE NOTED THAT " IN SWEDISH CHANGED ATTITUDE TOWARD WORK STEMS FROM OUR HIGH MATERIAL STANDARDS. WE HAVE SATISFIED OUR ECONOMIC WANTS AND ARE NOW DEVOTING OUR ATTENTION TO OTHER VALUES." HE SUGGESTED FOLLOWING AS MEANS OF IMPROVING WORK PERFORMANCE: ENHANCEMENT OF WORKER' S SENSE OF HIS OWN VALUE; GREATER WORKER IDENTIFICATION WITH PRODUCT HE PRODUCES; GREATER NOTICE OF INDIVIDUALS PERFORMANCE; BETTER CONTRACTS AND COLLABORA-

TION WITH FELLOW WORKERS; GREATER SENSE OF RESPONSIBILITY THROUGH
MORE INDEPENDENT WORK; GREATER INFLUENCE OF WORKER OTHER HIS
FUNC-
TIONS AND WORK CONDITIONS; AND GREATER POSSIBILITY OF ADVANCEMENT.

4. COMMENT:

GYLLENHAMMAR' S SPEECH REFLECTS GENUINE INTEREST IN SWEDISH
INDUSTRY, LABOR AND GOVERNMENT FOR GREATER PARTICIPATION AT SHOP
FLOOR LEVEL AND MORE IMAGINATIVE APPROACHES TO ORGANIZATION OF
WORK.
AS USUAL HE AND VOLVO ARE OUT AHEAD OF REST OF INDUSTRY IN THIS
REGARD. OTHER SPEECHES REFLECT INDUSTRY' S UNEASY RELATIONSHIP WITH
UNCLASSIFIED

UNCLASSIFIED

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SOCIAL DEMOCRATIC GOVERNMENT ESPECIALLY DURING ELECTION CAMPAIGNS.
OLSEN

UNCLASSIFIED
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